

March 21, 2011

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
MANITOBA AND ONTARIO
(the "Jurisdictions")
AND
IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS
AND
IN THE MATTER OF
I.G. INVESTMENT MANAGEMENT, LTD.
(the "Filer")
DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the "**Decision Maker**") has received an application from the Filer on behalf of the existing and future mutual funds managed by the Filer that are subject to National Instrument 81-102 -- *Mutual Funds* ("**NI 81-102**") other than money market funds as defined in NI 81-102 (the "**Existing Funds**" and the "**Future Funds**", respectively, together, the "**Funds**" and individually a "**Fund**") for a decision under the securities legislation (the "**Legislation**") of the Jurisdictions exempting the Funds from the restrictions contained in sections 2.3(f), 2.3(h), 2.5(2)(a), 2.5(2)(b) and 2.5(2)(c) of NI 81-102 (the "**Exemption Sought**") to permit each Fund to purchase and hold or enter into:

- (a) securities of exchange-traded funds ("**ETFs**") that seek to replicate (i) the performance of gold on an unlevered basis; or (ii) the value of a specified derivative the underlying interest of which is gold on an unlevered basis ("**Gold ETFs**");
- (b) securities of ETFs that seek to replicate (i) the performance of silver on an unlevered basis; or (ii) the value of a specified derivative the underlying interest of which is silver on an unlevered basis ("**Silver ETFs**");
- (c) securities of ETFs that seek to replicate (i) the performance of gold and silver on an unlevered basis; or (ii) the value of specified derivatives the underlying

interests of which are gold and silver on an unlevered basis (“**Gold/Silver ETFs**”); and

- (d) silver, Permitted Silver Certificates (as defined below) and specified derivatives the underlying interest of which is silver on an unlevered basis (collectively, “**Silver**”)

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the Manitoba Securities Commission is the principal regulator for this application,
- (b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (“**MI 11-102**”) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Nunavut and Yukon (the “**Other Jurisdictions**”), and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario (the “**OSC**”).

Interpretation

Terms defined in National Instrument 14-101 - *Definitions*, and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

1. The Filer is a corporation continued under the laws of Ontario, having its head office in Winnipeg, Manitoba.
2. The Filer is the manager of the Existing Funds and will be the manager of the Future Funds.
3. The Filer or its affiliate or other unrelated entities of the Filer is the portfolio advisor to each of the Existing Funds and will be the portfolio advisor of each of the Future Funds.
4. Each Existing Fund is, and each Future Fund will be:
 - (a) an open-end mutual fund established under the laws of Manitoba or a class of shares of a corporation incorporated under the laws of the Province of Canada;
 - (b) a reporting issuer under the securities laws of some or all of the provinces and territories of Canada;
 - (c) governed by the provisions of NI 81-102; and
 - (d) qualified for distribution in some or all provinces and territories of Canada under a simplified prospectus and annual information form prepared in accordance with National Instrument 81-101 -- *Mutual Fund Prospectus Disclosure* (“**NI 81-101**”)

and filed with and received by the securities regulators in the applicable jurisdictions.

5. Neither the Filer nor any of the Existing Funds is in default of securities legislation in any province or territory of Canada, other than IG FI Canadian Allocation Fund as set out in paragraph 6 below.
6. IG FI Canadian Allocation Fund inadvertently acquired securities of SPDR Gold Trust, an exchange traded fund that seeks to replicate the performance of gold on an unlevered basis. These securities were acquired by the sub-advisor of the fund in the mistaken belief that they qualified as "index participation units" under NI 81-102 and therefore as acceptable investments for the fund. Upon establishing the error an application was launched for the relief provided in this decision. This investment represents an immaterial portion of the assets of the fund; at no time did it constitute more than 0.855% of the assets of the fund. IGIM is satisfied that it has adequate compliance procedures in place to ensure that the securities that the Funds invest in are permissible investments under securities legislation.
7. Each Fund that relies on the Exemption Sought will be permitted in accordance with its investment objectives and investment strategies to invest in Gold ETFs, Silver ETFs and Gold/Silver ETFs (collectively, "**Underlying ETFs**") and Silver.
8. The Funds do not invest in leveraged ETFs or inverse ETFs.
9. In the absence of the Exemption Sought, an investment by the Funds in securities of the Underlying ETFs would be contrary to section 2.5(2)(a) of NI 81-102 as the securities of the Underlying ETFs will not be subject to NI 81-102 and NI 81-101.
10. In the absence of the Exemption Sought, an investment by the Funds in securities of some Underlying ETFs would be contrary to section 2.5(2)(b) of NI 81-102 as some Underlying ETFs invest in a fund which does not comply with the requirements of section 2.5 of NI 81-102. This fund in turn invests in gold, silver or derivatives the underlying interest of which is gold, silver or a combination thereof.
11. In the absence of the Exemption Sought, an investment by the Funds in securities of some Underlying ETFs would be contrary to section 2.5(2)(c) of NI 81-102 as the securities of some Underlying ETFs are not qualified for distribution in Canada.
12. To obtain exposure to gold or silver indirectly, the Filer may use specified derivatives the underlying interest of which is gold or silver and invest in the Underlying ETFs.
13. The markets for gold/silver are highly liquid, and there are no liquidity concerns that should lead to a conclusion that investments in gold/silver need to be prohibited.
14. The Funds may invest in Silver from time to time when the Filer determines that it is desirable to do so following a valuation of assets, a determination of the effect of monetary policy and economic environment on asset prices, and assessing historic price movements on likely future returns.
15. In this decision, silver certificates ("**Permitted Silver Certificates**") that the Funds invest in will be certificates that represent silver that is:

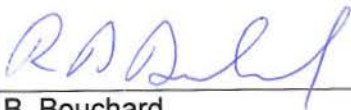
- (i) available for delivery in Canada, free of charge, to or to the order of the holder of the certificate;
 - (ii) of a minimum fineness of 999 parts per 1,000;
 - (iii) held in Canada;
 - (iv) in the form of either bars or wafers; and
 - (v) if not purchased from a bank listed in Schedule I, II or III of the Bank Act (Canada), fully insured against loss and bankruptcy by an insurance company licensed under the laws of Canada or a province or territory of Canada.
16. In the absence of the Exemption Sought, an investment by the Funds in Silver would be contrary to sections 2.3(f) and 2.3(h) of NI 81-102 as those sections only stipulate gold as a permissible commodity to be held directly or as an underlying interest of a specified derivative.
17. The Underlying ETFs and Silver are attractive investments for the Funds as they provide an efficient and cost effective means of achieving diversification in addition to any investment in gold.
18. An investment by a Fund in the securities of the Underlying ETFs and/or Silver represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Fund.
19. Any investment by a Fund in Silver will be made in compliance with the custodian requirements in Part 6 of NI 81-102.
20. If the investment in gold and/or silver (including gold, permitted gold certificates, silver, Permitted Silver Certificates, Underlying ETFs and specified derivatives the underlying interest of which is gold or silver) represents a material change for any Existing Fund, the Filer will comply with the material change reporting obligations for that Fund.
21. The simplified prospectus for each Fund that invests or intends to invest in Underlying ETFs and Silver will disclose:
- (a) in the investment strategy section of the Fund the fact that the Fund has obtained relief to invest in securities of Underlying ETFs and Silver together with an explanation of what each Underlying ETF is, and
 - (b) the risk associated with the Fund's investment in securities of the Underlying ETFs and/or Silver.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make a decision.

The decision of the Decision Maker under the Legislation is that the Exemption Sought is granted provided that:

- (a) the investment by a Fund in securities of an Underlying ETF and/or Silver is in accordance with the fundamental investment objectives of the Fund;
- (b) a Fund does not short sell securities of an Underlying ETF;
- (c) the securities of the Underlying ETFs are traded on a stock exchange in Canada or the United States;
- (d) the securities of the Underlying ETFs are treated as specified derivatives for purposes of Part 2 of NI 81-102; and
- (e) a Fund does not purchase gold, permitted gold certificates, silver, Permitted Silver Certificates, Underlying ETFs or enter into specified derivatives the underlying interest of which is gold or silver if, immediately after the transaction, more than 10% of the net assets of the Fund, taken at market value at the time of the transaction, would in aggregate consist of gold, permitted gold certificates, silver, Permitted Silver Certificates, Underlying ETFs and underlying market exposure of specified derivatives linked to gold or silver



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